

Report on Nevada's Housing Market

This series of reports on Nevada's Housing Market is co-presented by the Lied Institute for Real Estate Studies at the University of Nevada, Las Vegas and the State of Nevada Department of Business & Industry. These reports provide monthly updates on housing market trends for stakeholders throughout Nevada, which will be crucial as Nevada embarks on a path of housing recovery.

Funding provided by the Housing Data and Index Project, a joint initiative of:



State of Nevada
Department of Business & Industry



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Nevada's Housing Market | October 2013

Nevada Statewide Trends

Population: **2,758,931** in 2012

Housing Units: **1,183,873** in 2011

Source: U.S. Census Bureau: State and County QuickFacts



Nevada Statewide Trends

For August 2013, the statewide housing market has shown improvements in terms of negative equity levels. The share of homes with a mortgage underwater is 38.32 percent, which is 19.42 percentage points lower than last year. Increases in home prices have helped restore home values in Nevada. Moreover, the number of REO sales and short sales have fallen, and they represent 29.14 percent of all single-family home sales as of August 2013. Traditional homes sales have become dominant in the resale housing market. This decline in distress sales coincides with a drop in the number of homeowners that are seriously delinquent on their home mortgage and a drop in the number of homes in the foreclosure inventory.

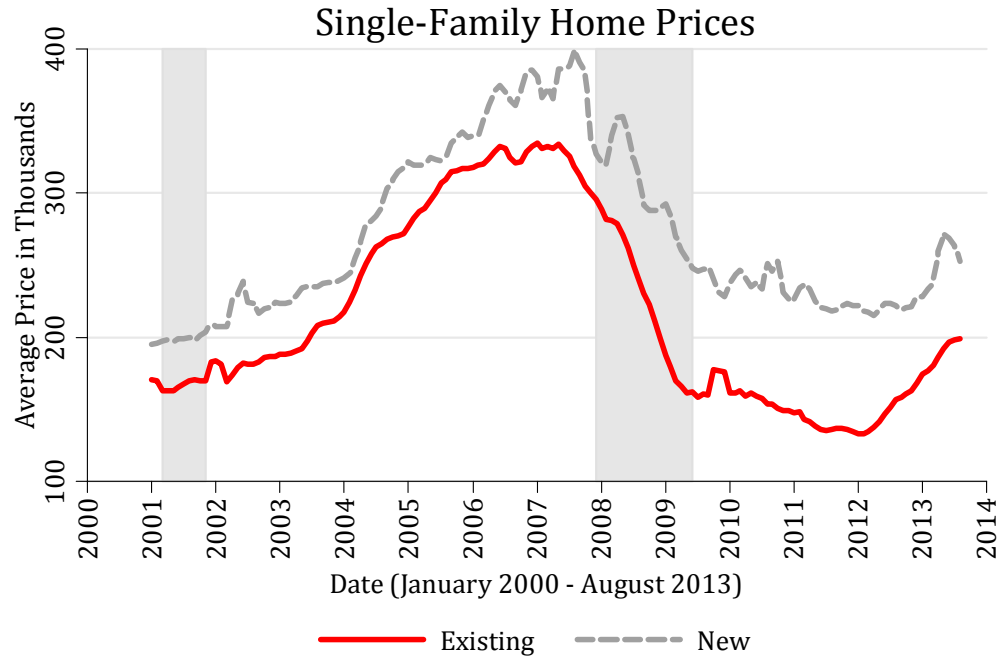


Single-Family Home Sales*	August 2013	M2M Change	Y2Y Change
New	238	-11.7%	-62.2%
Existing	5,387	-5.3%	0.5%
Distress Share	29%	-5.0%	-29.2%
Residential Construction			
Total Starts	1,315	+607	+614
Single-Family	913	+209	+214
Multifamily	402	+398	+400
Average Single-Family Sales Price*			
New	\$252,722	-4.1%	13.8%
Existing	\$199,086	0.5%	27.0%
Distress	\$157,659	1.0%	12.4%

Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

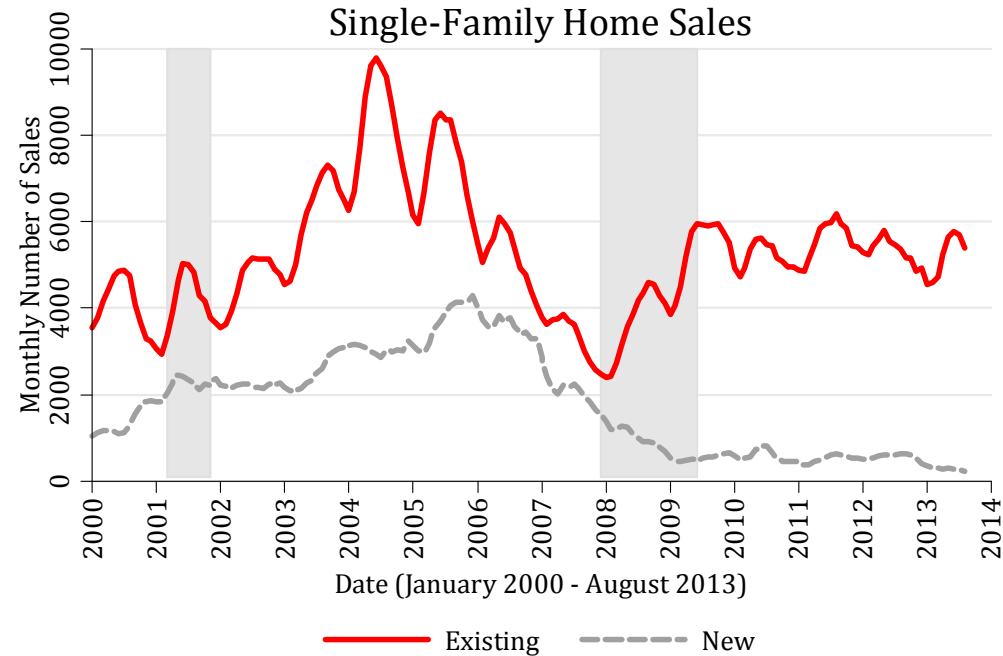
*Figures portray Three-Month Weighted Averages.

Nevada Statewide Trends



Source: CoreLogic

Note: Series are 3-month weighted moving averages. Gray bars represent recessions.

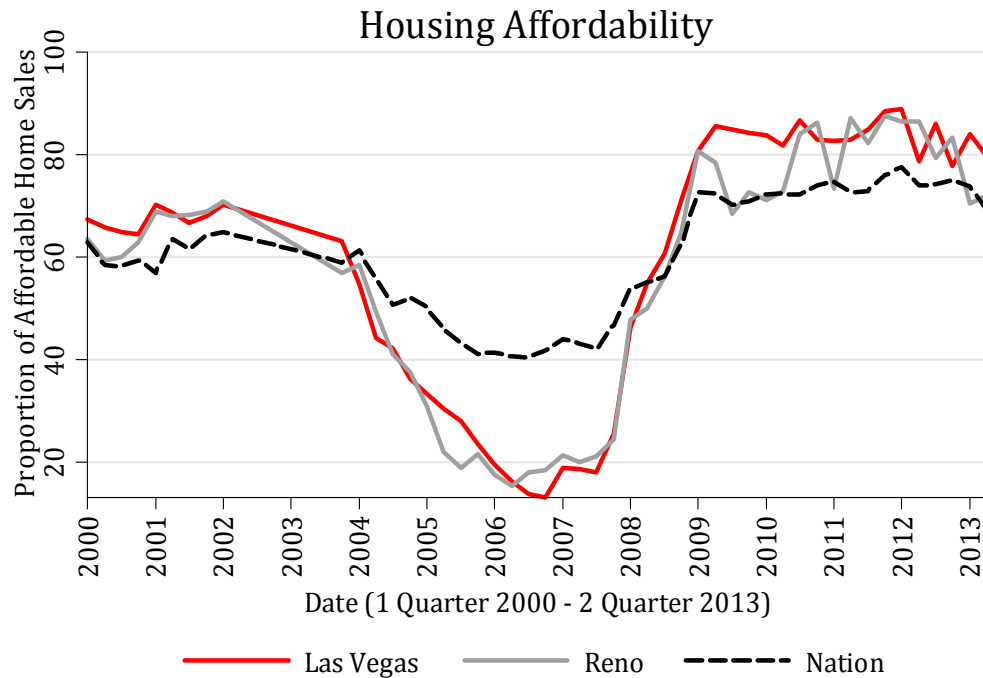


Source: CoreLogic

Note: Series are 3-month weighted moving averages. Gray bars represent recessions.

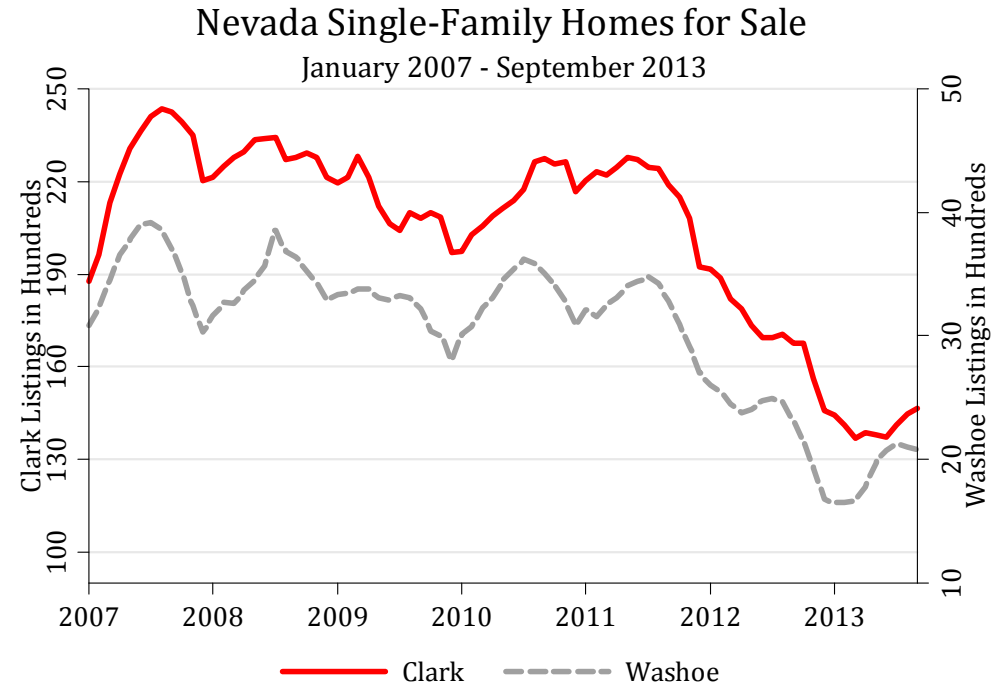
Residential construction is picking up in Nevada, but new single-family home sales have not been reflective of the increasing number of housing permits. Builders filed a total of 1,315 permits in August. This is 614 more permits than last year, and the aggregate trends show that the level of building activity in the past few months is much higher than the prior four years. Meanwhile, the number of new single-family home sales reported by CoreLogic appears sluggish. And although their average price fell slightly in July and August, the average sale price is 13.8 percent higher than last year. Existing home sales, on the other hand, continue to increase in price. In August, existing single-family homes grew to \$199,086, which is slightly higher than the prior month, and portrays a substantial positive price difference from last year.

Nevada Statewide Trends



Source: National Association of Home Builders

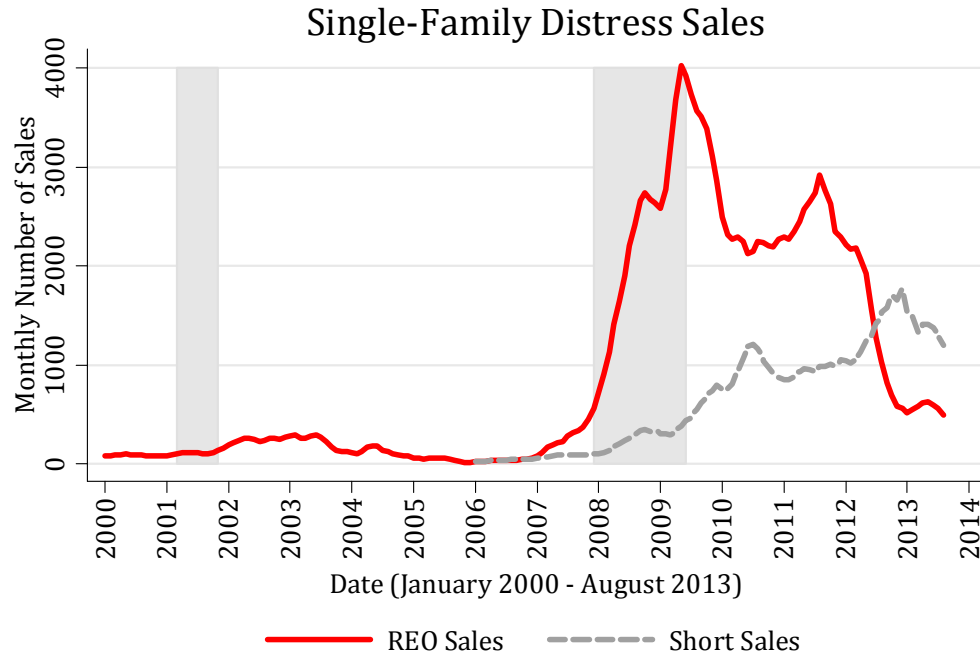
Note: These series denote the proportion of homes sales affordable at median income.



Source: Greater Las Vegas Association of Realtors and UNR's Center for Regional Studies

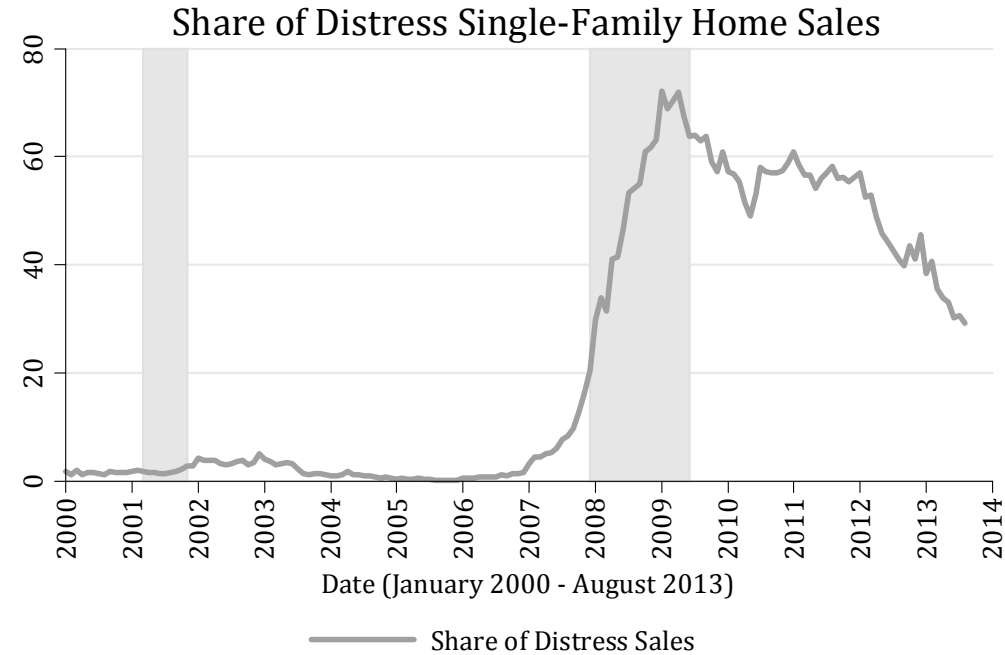
No new data on housing affordability have been released, yet the marginal increase in home price implies that the affordability level in Nevada has not changed too much. For the second quarter of 2013, 79.6 percent of homes sold were affordable in Las Vegas, and 72 percent of homes sold were affordable in Reno, according to the National Association of Home Builders (NAHB). NAHB defines affordability as the proportion of homes sold that could have been bought with a conventional mortgage while earning the local median income. The inventory of homes for sale remains low. However, according to the Greater Las Vegas Association of Realtors, the number of homes for sale in Clark County increased for two months. As of September 2013, there are 14,659 active listings. On the other hand, UNR's Center for Regional Studies reported that the number of homes for sale in Washoe County fell to 2,087 active listings in September.

Nevada Statewide Trends



Source: CoreLogic

Note: Series are 3-month weighted moving averages. Gray bars represent recessions.

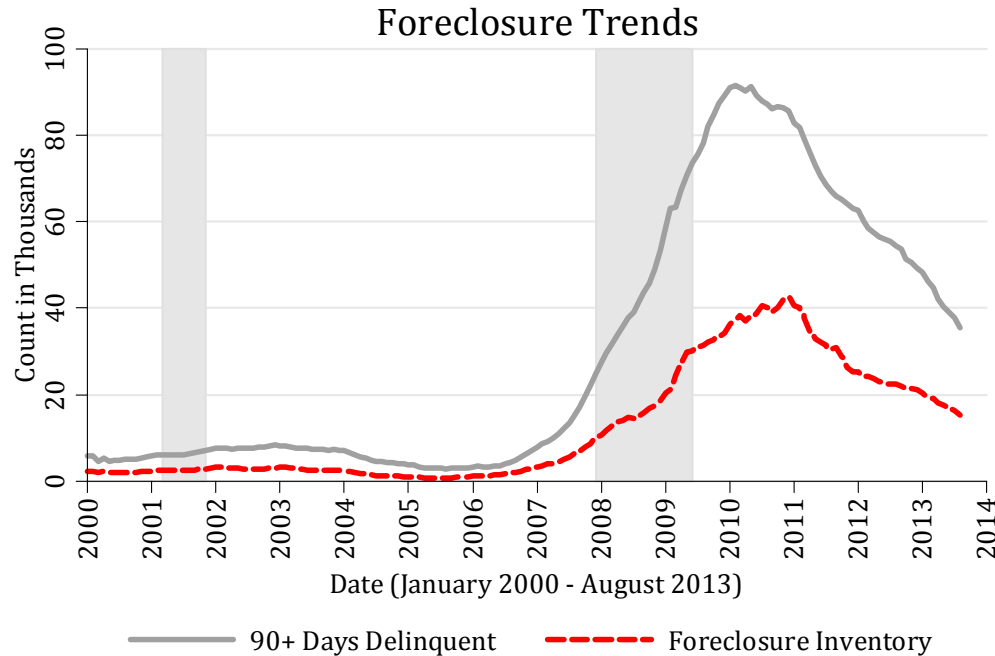


Source: CoreLogic

Note: Gray bars represent recessions.

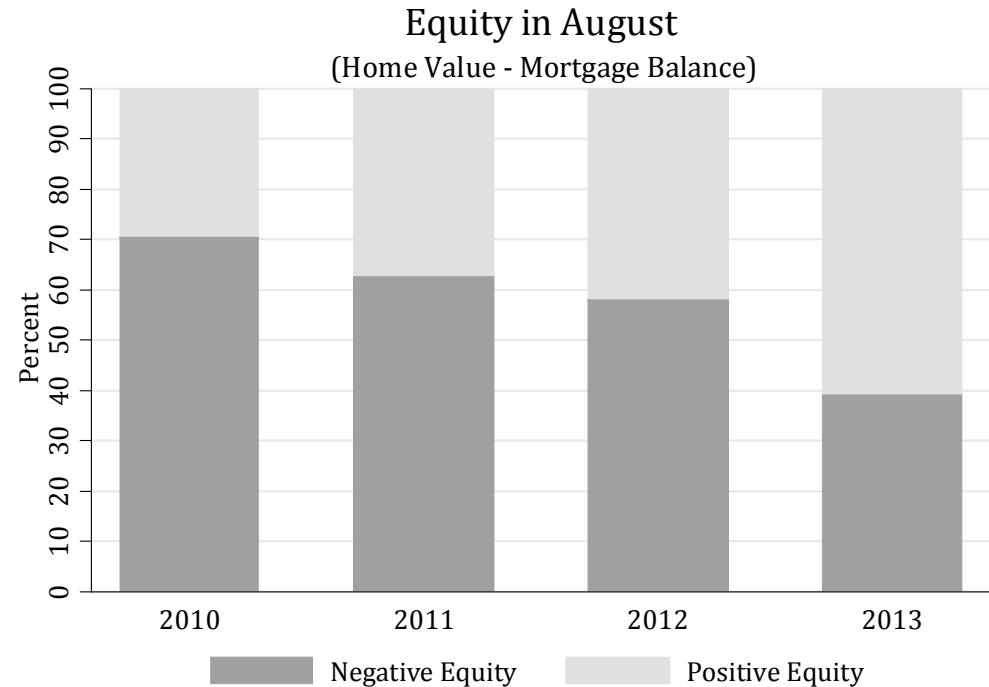
August marks another month of declining distress sales. The total share of distress sales fell by 5 percent, and now represents 29 percent of all single-family home sales. This decline can be attributed to fewer REO sales and short sales occurring in Nevada. The number of REO sales fell below 500, when a year ago there were twice as many. Nevada's housing market seems to be past a turning point in regards to short sales. October 2012 marked the highest number of short sales in Nevada, and since then the monthly number of short sales have been trending downward. In August, there were 1,197 short sales as a 3-month moving average (that is the average number of short sales for August, July, and June).

Nevada Statewide Trends



Source: CoreLogic

Note: Gray bars represent recessions.

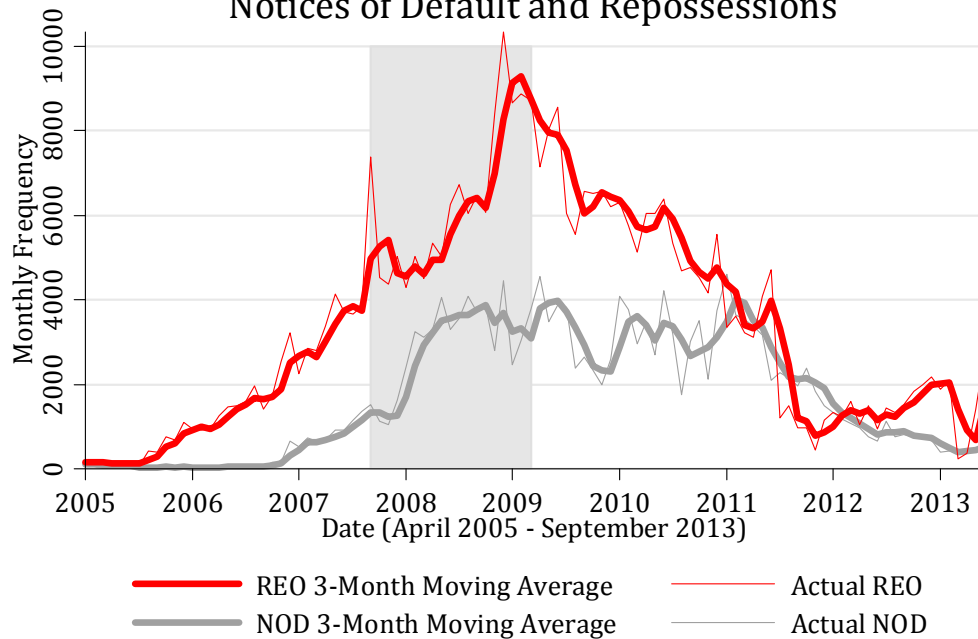


Source: CoreLogic

Foreclosure inventory, the number of homes in some stage of foreclosure, fell again for August 2013. There are approximately 947 fewer homes in the foreclosure inventory. This is despite the increasing notices of default reported by RealtyTrac (see the following page). This implies that in Nevada there are more homes completing the foreclosure process and selling off as REO properties than starting the foreclosure process. At the same time, fewer homeowners are seriously delinquent, which means being past due on mortgage payments for 90 days or more. Some consider this level to be the shadow inventory, the number of possible future REO sales. However, not all homes will funnel through the foreclosure process. Some homeowners will refinance or sell their home through short sales, and others may even become current again.

Nevada Statewide Trends

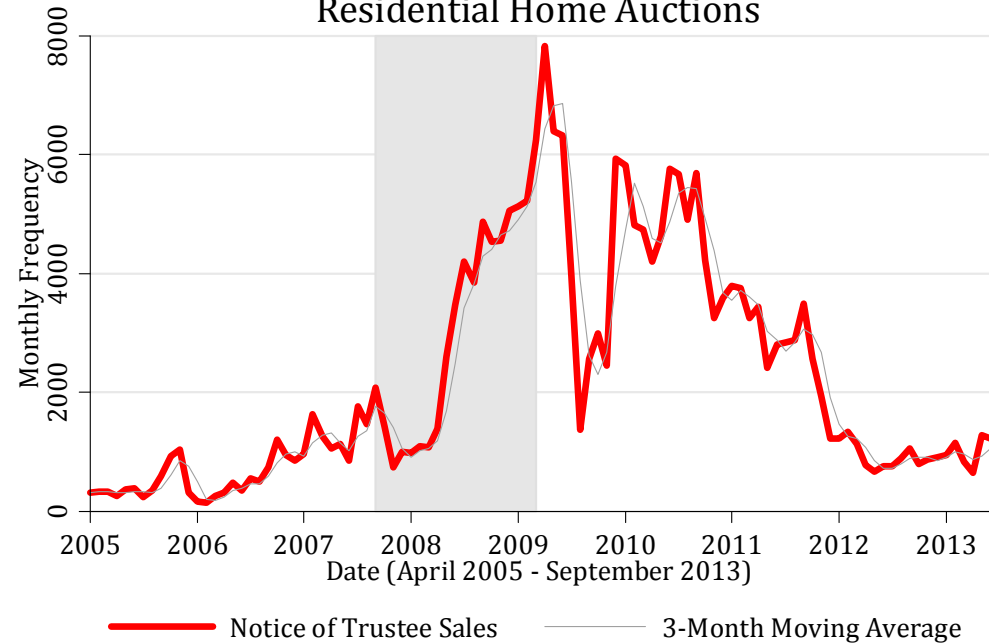
Notices of Default and Repossessions



Source: RealtyTrac

Note: Gray bar represents recession.

Residential Home Auctions



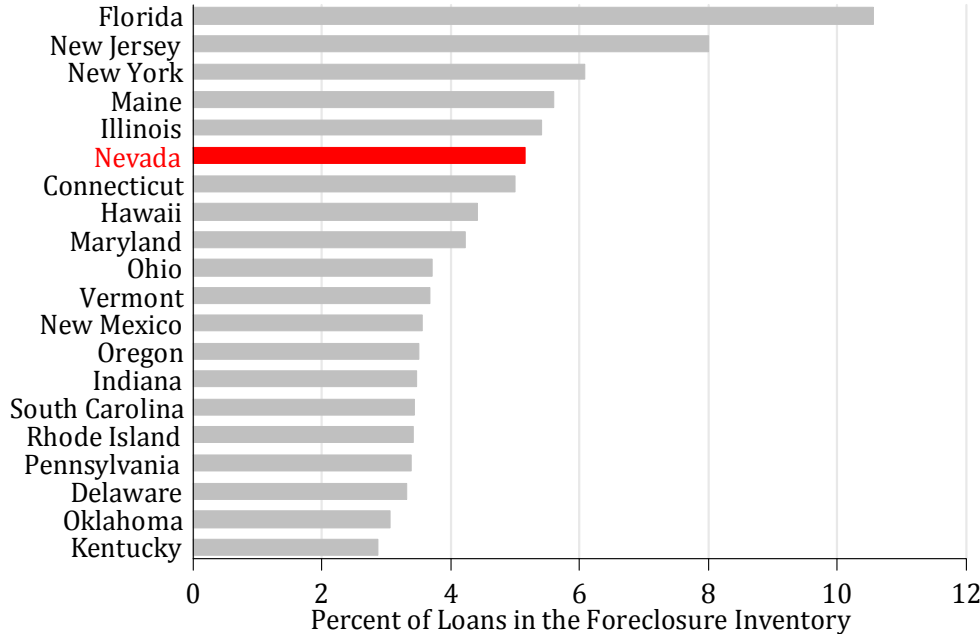
Source: RealtyTrac

Note: Gray bar represents recession.

According to county records analyzed by RealtyTrac, the number of notices of default in Nevada increased in September. The actual level exceeds 2,000 NOD filings representing a level last seen in mid-2011. This sharp increase foreshadows the effective date for Senate Bill 321 (SB321) also known as the "Homeowner's Bill of Rights." SB321 is a Nevada legislation aimed at providing borrowers of owner-occupied homes fair opportunities for foreclosure alternatives. It took effect October 1, 2013. Residential home auctions, measured by the number of notices of trustee sales, increased slightly, but not as high as the NOD series. Since the auction for foreclosed properties takes place at a later time after the issuing of NOD, we can anticipate an increase of auctions in the following months.

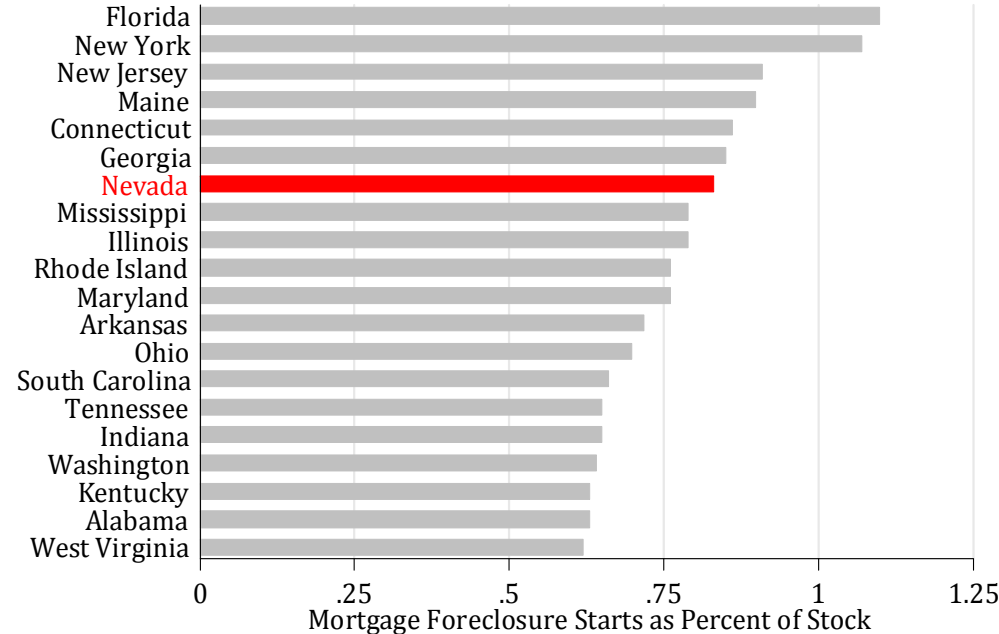
Nevada Statewide Trends

Top 20 States in Foreclosure Inventory
2nd Quarter 2013



Source: Mortgage Bankers Association's National Delinquency Survey

Top 20 States in Foreclosure Starts
2nd Quarter 2013



Source: Mortgage Bankers Association's National Delinquency Survey

No new data from Mortgage Bankers Association regarding home loans have been released. Yet, nationwide Nevada ranks in the top half of the list of states with greatest foreclosure inventory and greatest foreclosure starts. Among the states with the highest foreclosure inventory, Nevada ranks sixth with 515 out of every 10,000 mortgages in some stage of foreclosure, but not yet repossessed. Among the states with the highest foreclosure starts, Nevada ranks seventh with 83 foreclosure starts for every 10,000 mortgages. Notably, these foreclosure inventory and foreclosure starts levels are significantly lower than they were in the fourth quarter of 2009. Since then, foreclosure inventory fell by 47.2 percent and foreclosure starts fell by 72.7 percent.

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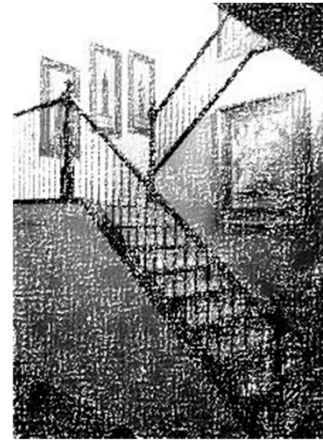
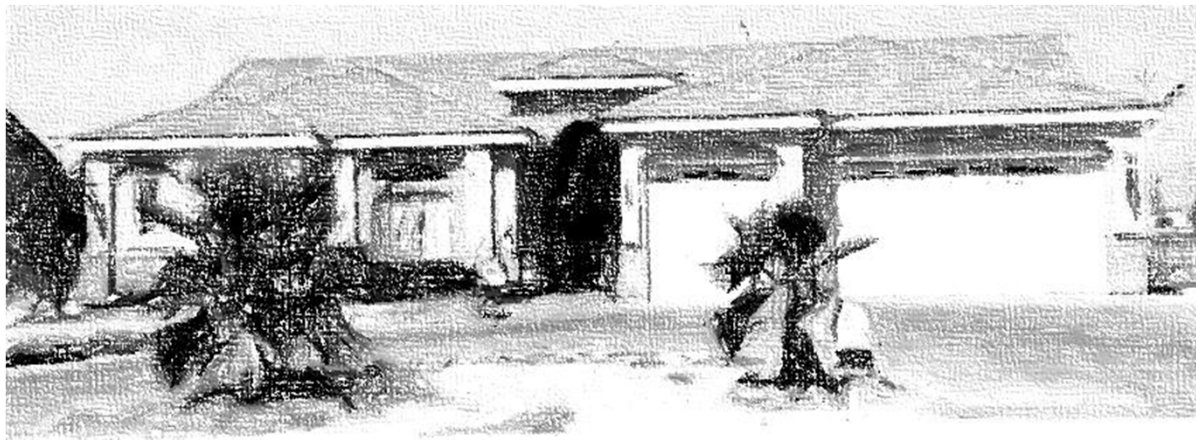
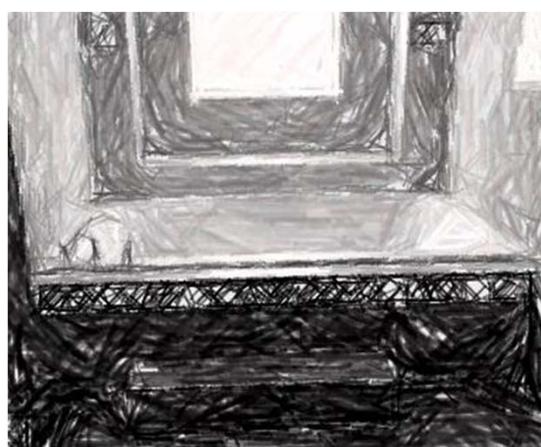
Northern Trends

Population: **611,379** in 2012

Housing Units: **268,979** in 2011

Source: U.S. Census Bureau: State and County QuickFacts

(Carson City, Churchill, Douglas, Lyon, Storey, and Washoe County)



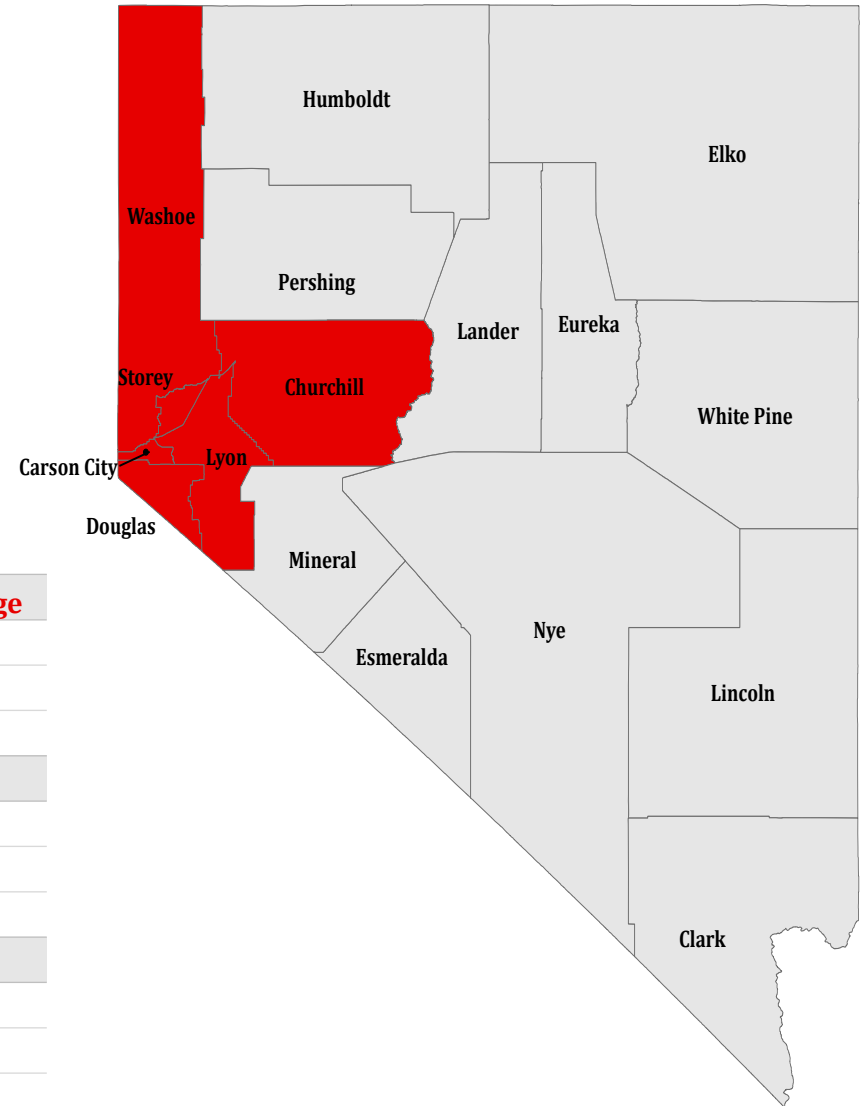
Northern Trends

Housing market conditions in the northern counties are showing improvements for August. The share of homes underwater in the northern counties dropped to 30.47 percent even though the average price of their existing single-family homes fell slightly. Furthermore, there were more new home sales in August than in July, and the average price of those homes increased to \$272,746. Out of the total number of single-family home sales, distress sales represented a smaller share of the market. REO sales and short sales made up 23 percent of all single-family home sales in August. Foreclosure inventory also fell during this same month; there were fewer than 3,000 homes in some stage of foreclosure.

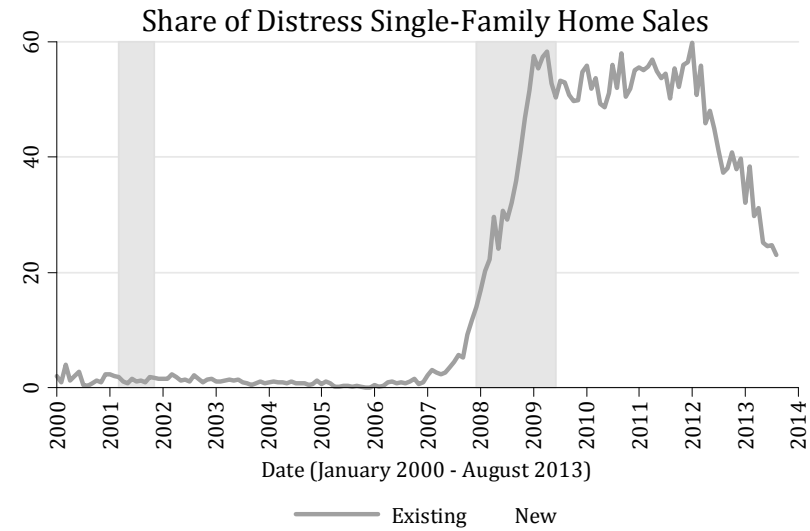
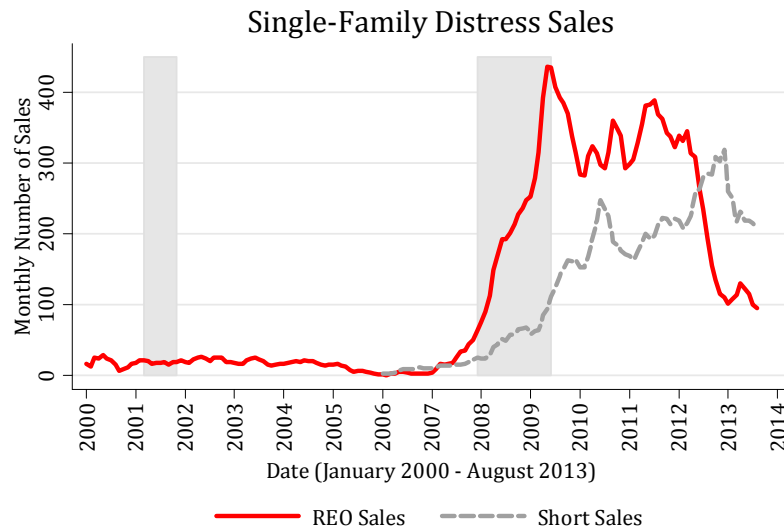
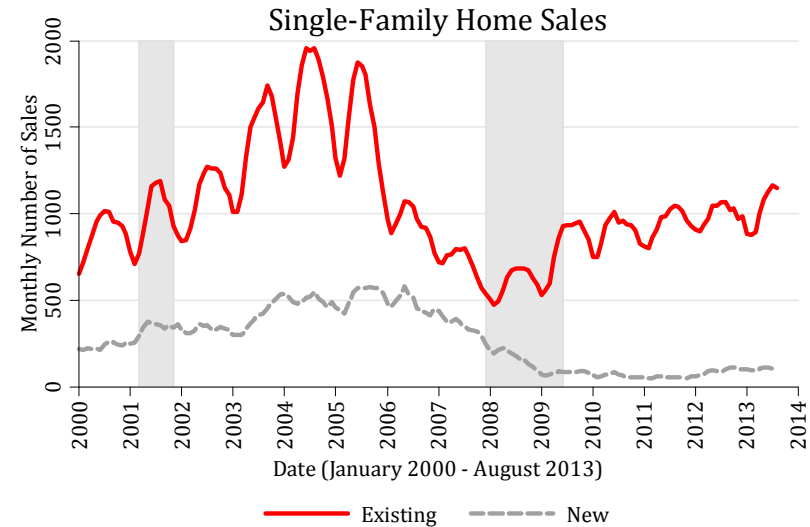
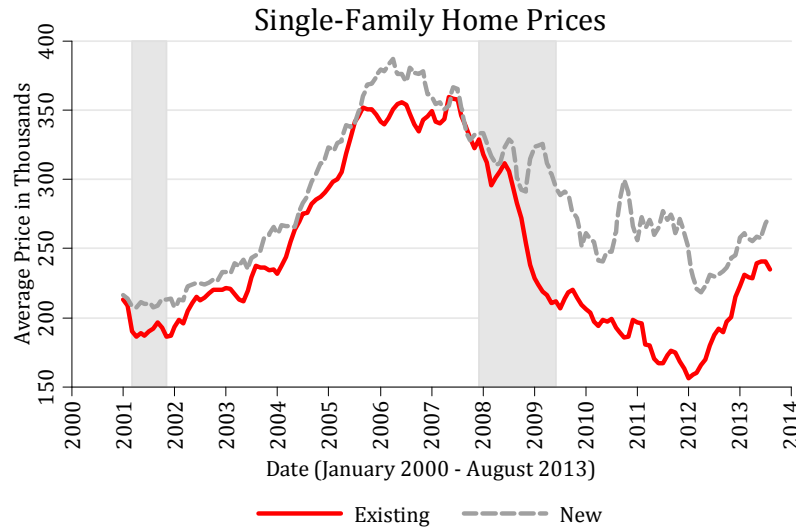
Single-Family Home Sales*	August 2013	M2M Change	Y2Y Change
New	107	0.9%	6.3%
Existing	1149	-1.5%	7.5%
Distress Share	23%	-7.0%	-38.4%
Residential Construction			
Total Starts	206	+81	+146
Single-Family	204	+79	+144
Multifamily	2	+2	+2
Average Single-Family Sales Price*			
New	\$272,746	1.6%	18.0%
Existing	\$234,716	-2.5%	22.3%
Distress	\$173,078	-1.2%	11.4%

Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

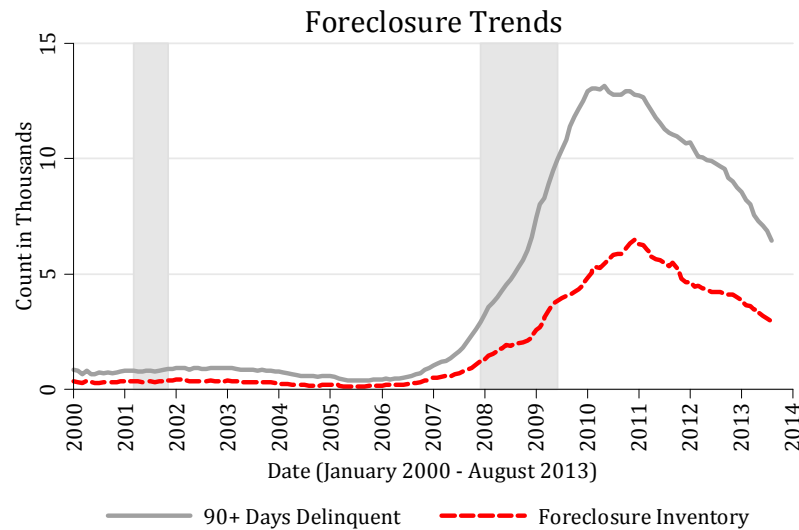
*Figures portray Three-Month Weighted Averages.



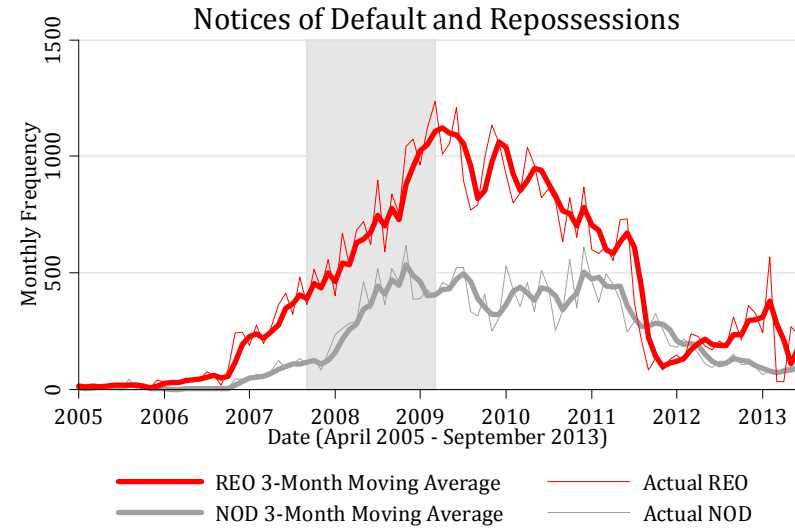
Northern Trends



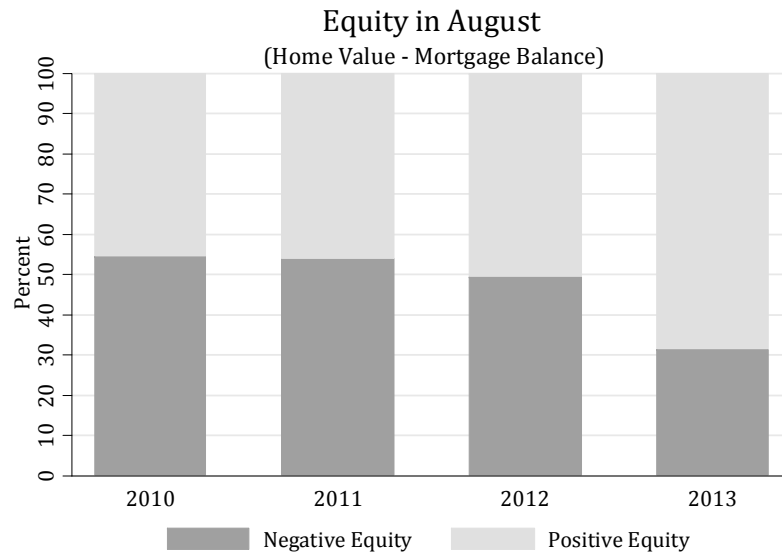
Northern Trends



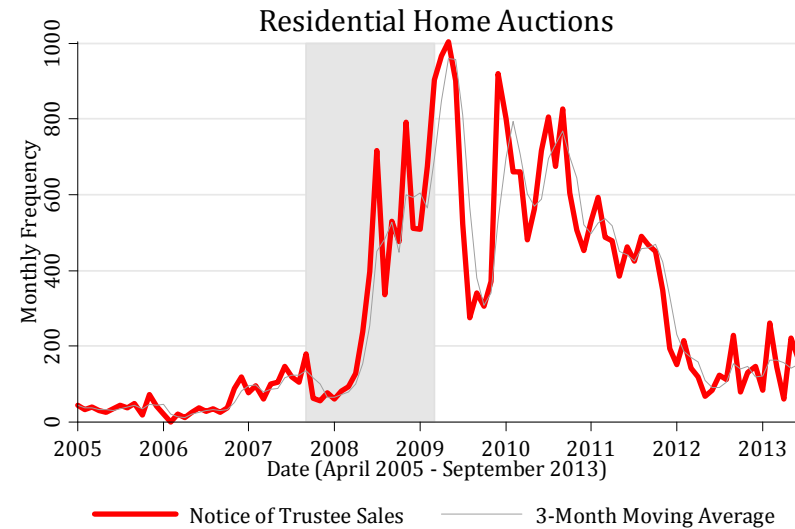
Source: CoreLogic
Note: Gray bars represent recessions.



Source: RealtyTrac
Note: Gray bar represents recession.



Source: CoreLogic



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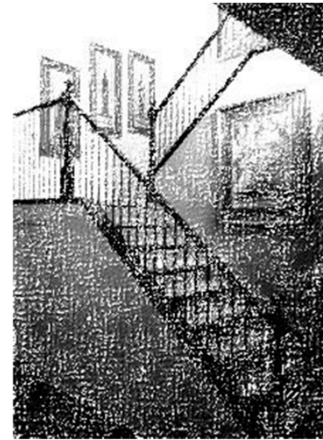
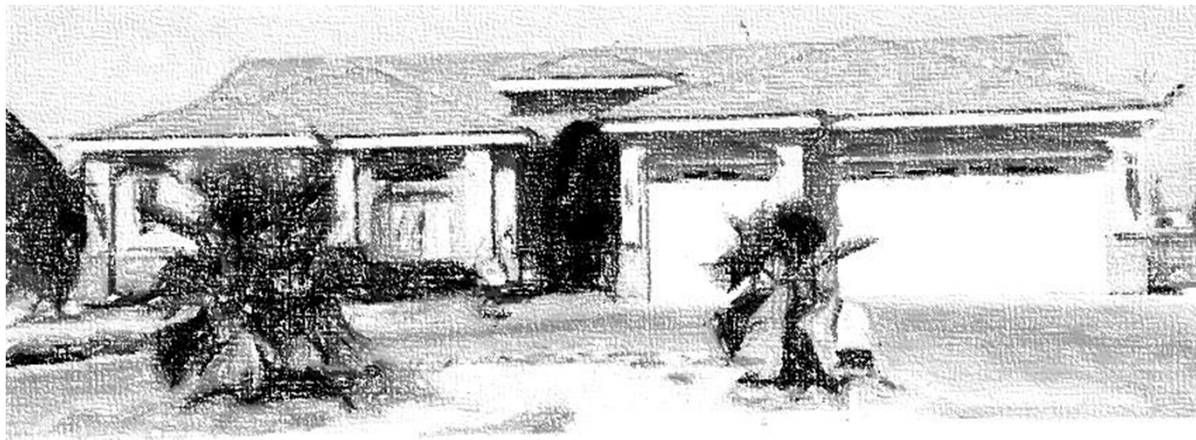
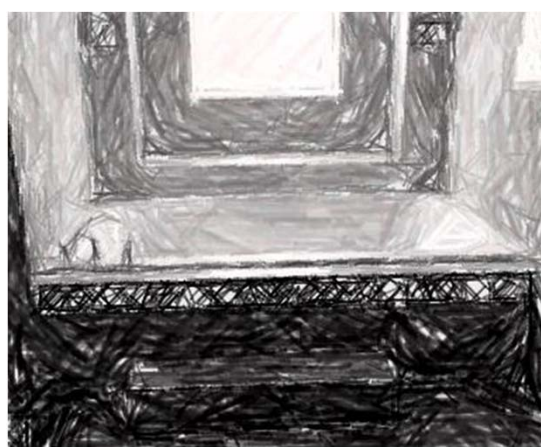
Southern Trends

Population: **2,000,759** in 2012

Housing Units: **848,118** in 2011

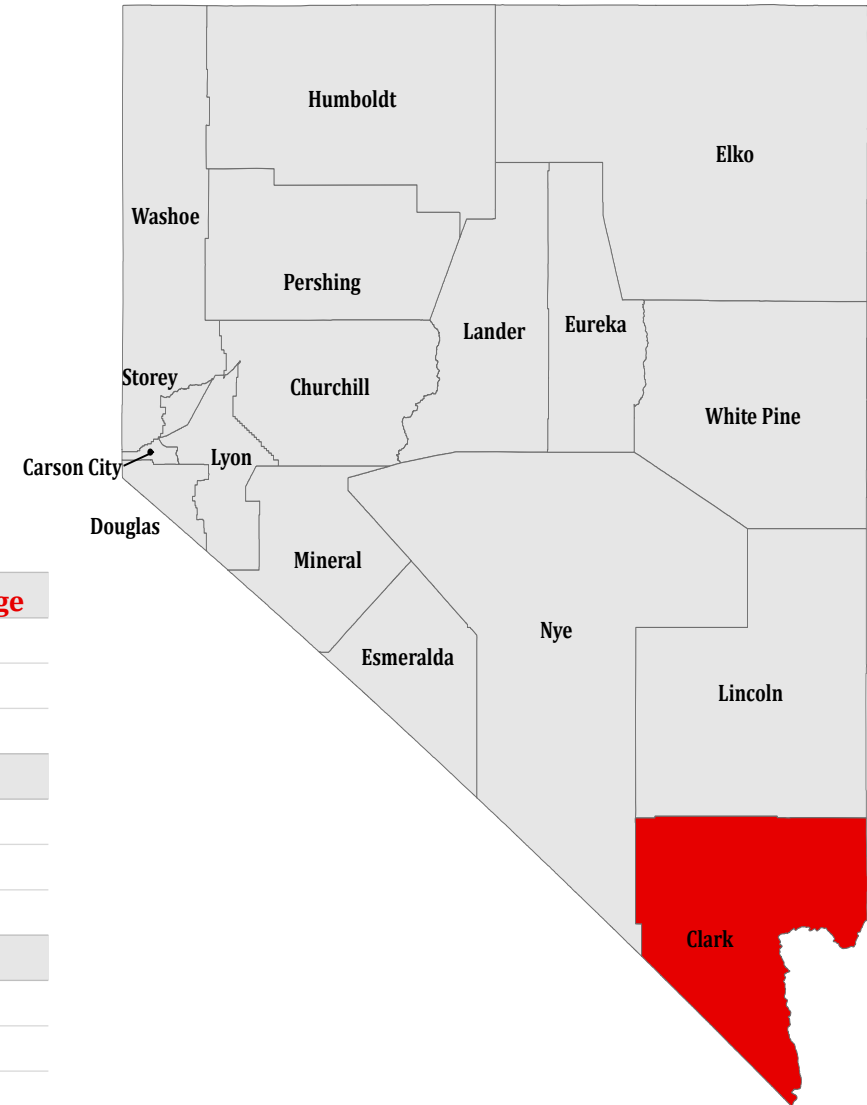
Source: U.S. Census Bureau: State and County QuickFacts

(Clark County)



Southern Trends

In Southern Nevada, about 41 percent of all single-family homes with a mortgage hold negative equity as of August. This level is 32.4 percent lower than the prior year. This decrease in negative equity has been catalyzed by increases in home prices. In August, the average price of existing single-family homes increased marginally to \$191,980, which represents a substantial increase since the prior year. Meanwhile the number of sales of these homes fell to 4,046. Like in the northern counties, distress sales make a smaller share of the market when compared to last month. In Clark County, the distress sales share is 32 percent. Meanwhile, the number of homes in the foreclosure inventory has reached a new low of about 12,000 homes. The last time the foreclosure inventory was this low was in July 2008.

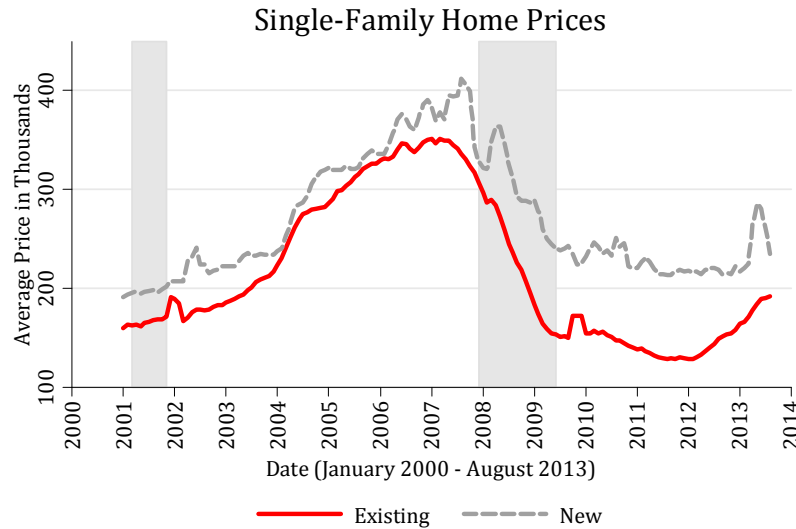


Single-Family Home Sales*	August 2013	M2M Change	Y2Y Change
New	114	-17.0%	-77.3%
Existing	4,046	-5.5%	0.7%
Distress Share	32%	-5.2%	-27.0%
Residential Construction			
Total Starts	1,070	+537	+472
Single-Family	674	+141	+76
Multifamily	396	+396	+396
Average Single-Family Sales Price*			
New	\$235,259	-9.9%	7.5%
Existing	\$191,980	0.7%	28.5%
Distress	\$155,413	1.1%	12.7%

Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

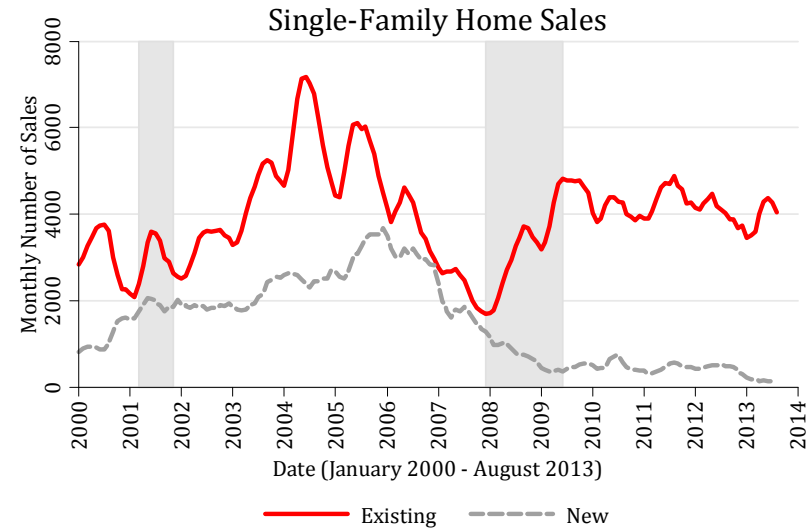
*Figures portray Three-Month Weighted Averages.

Southern Trends



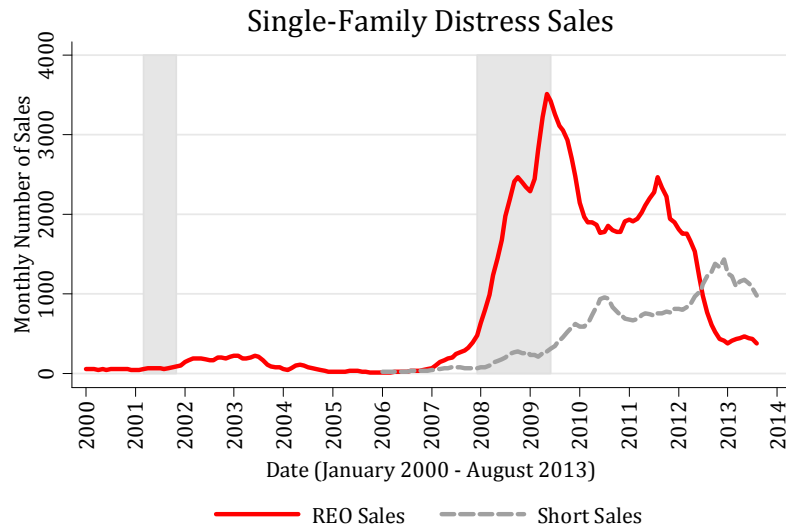
Source: CoreLogic

Note: Series are 3-month weighted moving averages. Gray bars represent recessions.



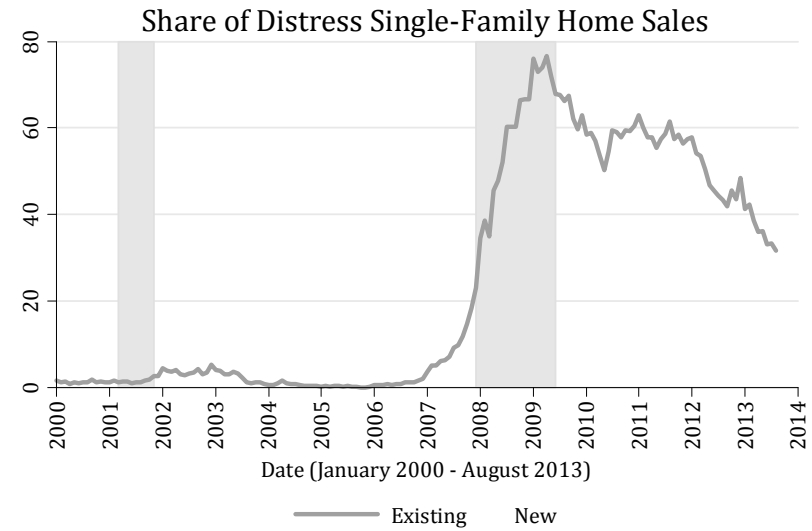
Source: CoreLogic

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Source: CoreLogic

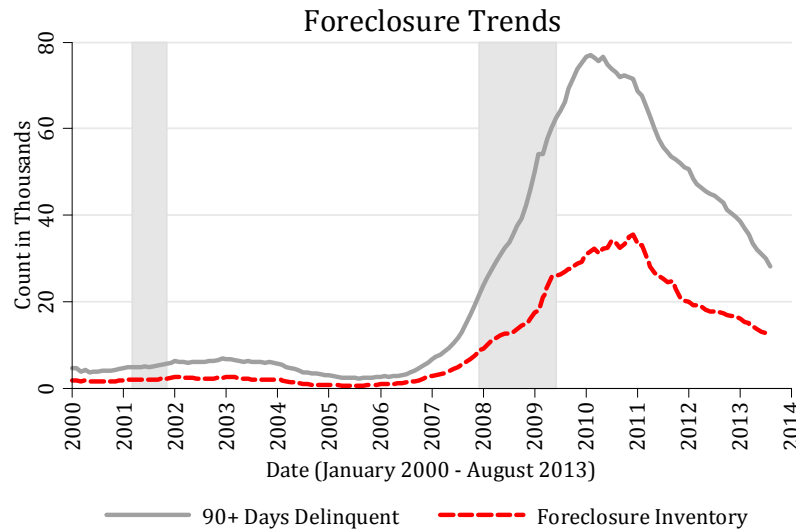
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Source: CoreLogic

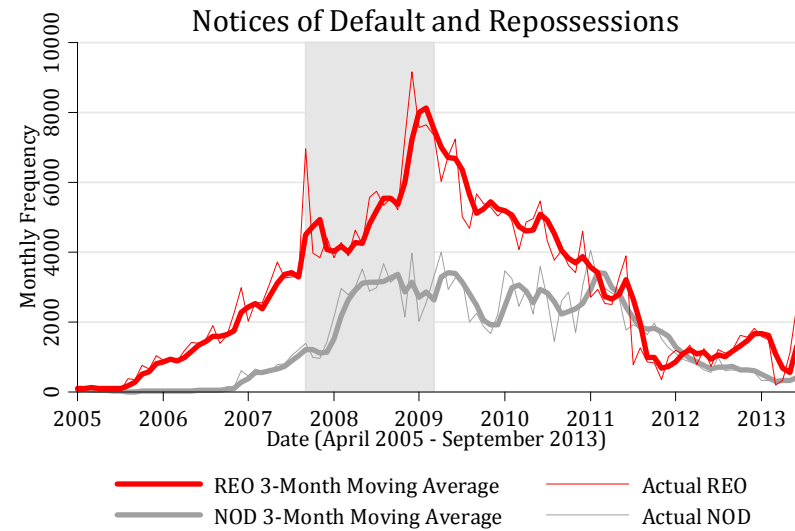
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Southern Trends



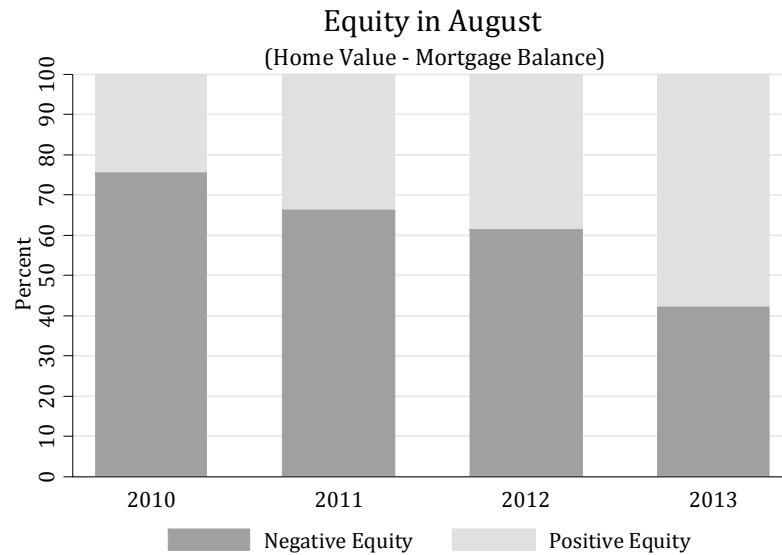
Source: CoreLogic

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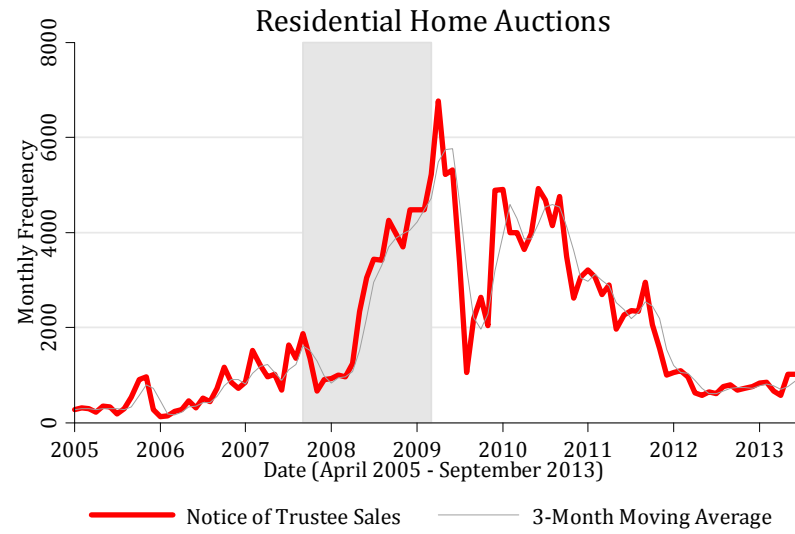


Source: RealtyTrac

Note: Gray bar represents recession.



Source: CoreLogic



Source: RealtyTrac

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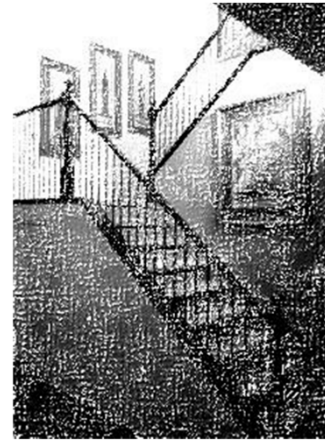
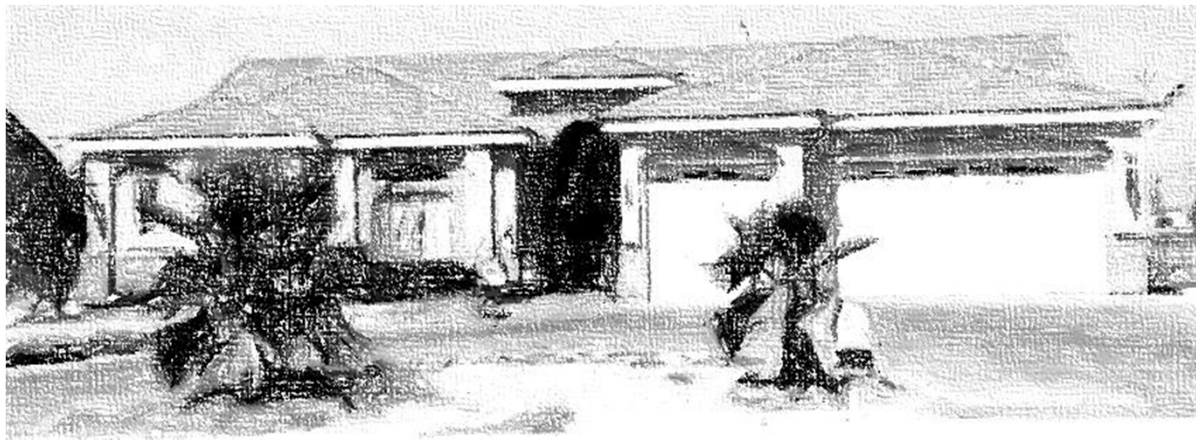
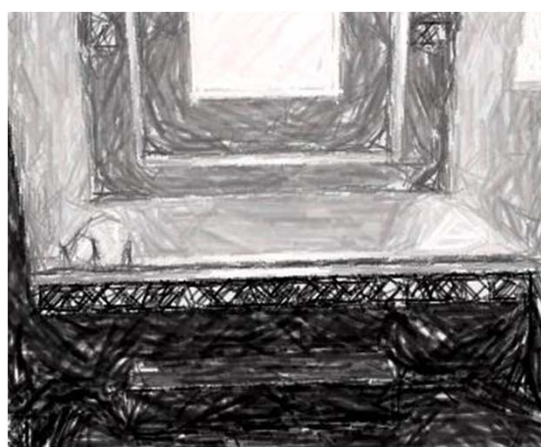
Rural Trends

Population: **146,793** in 2012

Housing Units: **66,776** in 2011

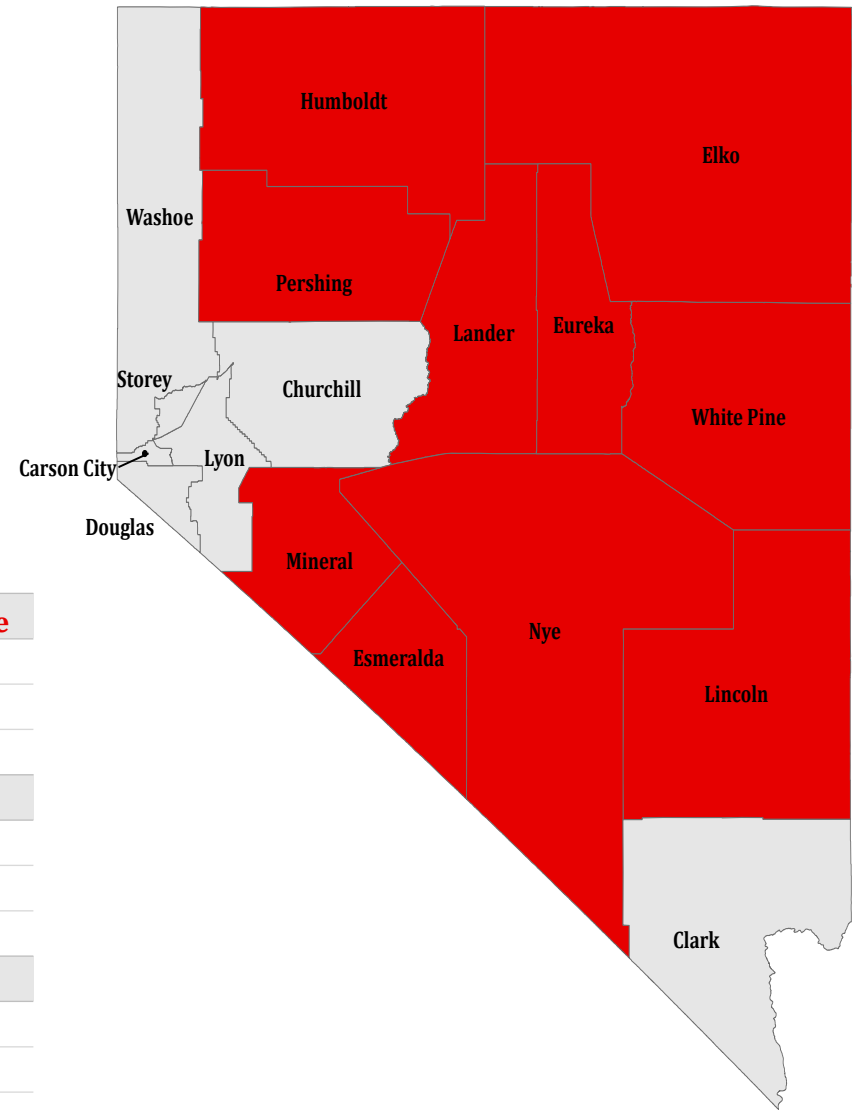
Source: U.S. Census Bureau: State and County QuickFacts

(Elko, Esmeralda, Eureka, Humboldt, Lander, Lincoln, Mineral, Nye, Pershing, and White Pine County)



Rural Trends

Housing trends in the rural counties show that existing home prices increased slightly while following a much steadier trend than in other parts of Nevada. When the housing bubble burst, the average price of existing single-family homes in these rural counties fell, but not as substantially as the average price for Northern and Southern Nevada. While distress sales did surface above 40 percent of all single-family homes sales in 2011, the current level shows that 16.7 percent of those sales are either REO sales or short sales. Notably, there are more REO sales than short sales in the rural counties. The foreclosure inventory has also dropped considerably since the peak in November 2010 when there were over 700 homes in some stage of foreclosure. As of August 2013, the foreclosure inventory contains fewer than 450 homes.

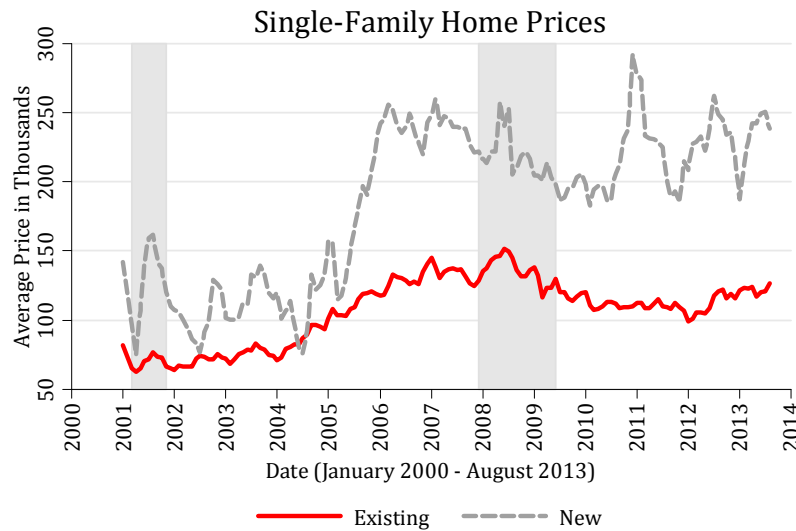


Single-Family Home Sales*	August 2013	M2M Change	Y2Y Change
New	16	-27.3%	-32.4%
Existing	161	-23.0%	-33.7%
Distress Share	16.7%	4.0%	-37.8%
Residential Construction			
Total Starts	39	-11	-4
Single-Family	35	-11	-6
Multifamily	4	0	+2
Average Single-Family Sales Price*			
New	\$238,598	-4.7%	-4.0%
Existing	\$126,506	4.7%	4.5%
Distress	\$100,584	3.7%	-5.2%

Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

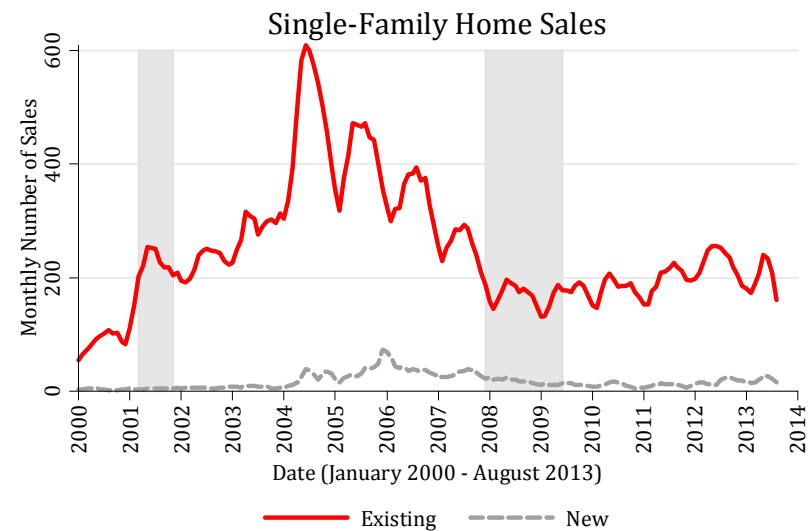
*Figures portray Three-Month Weighted Averages.

Rural Trends



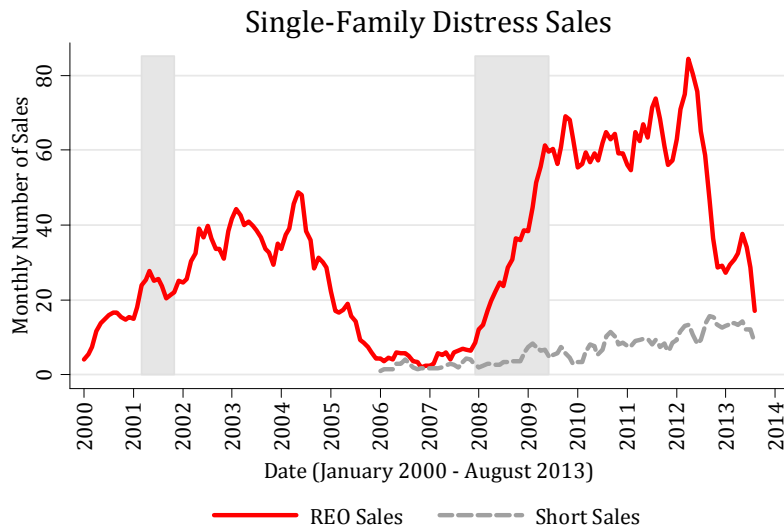
Source: CoreLogic

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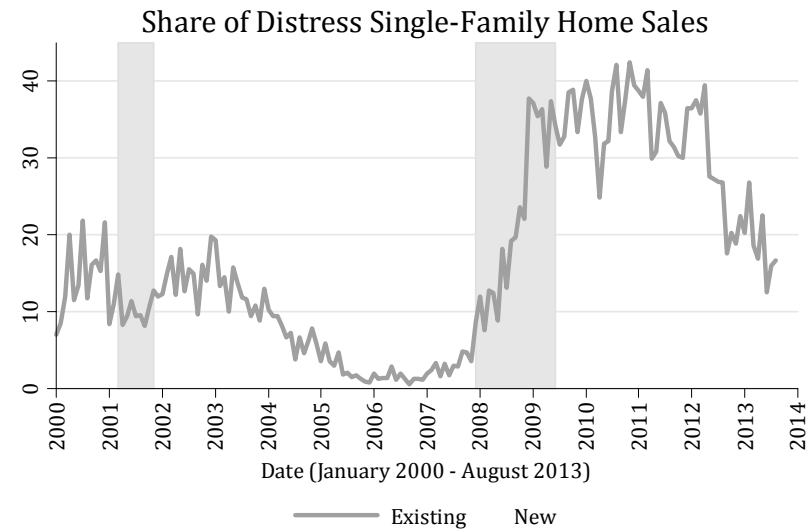
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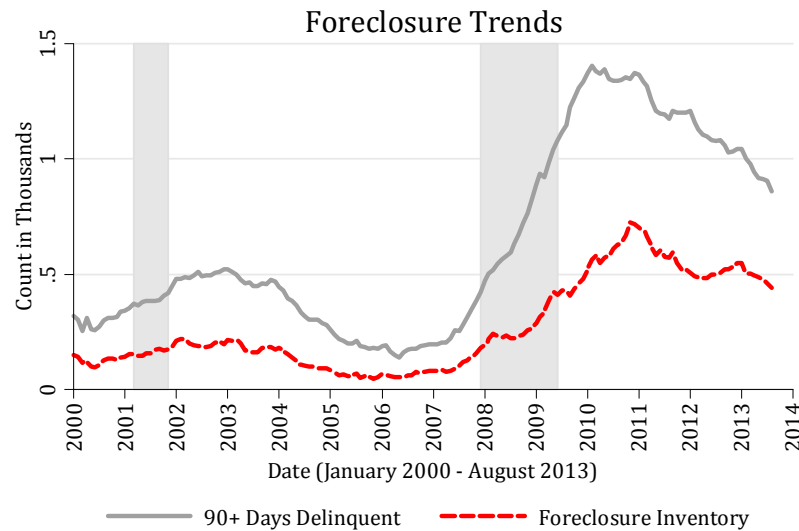
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Source: CoreLogic

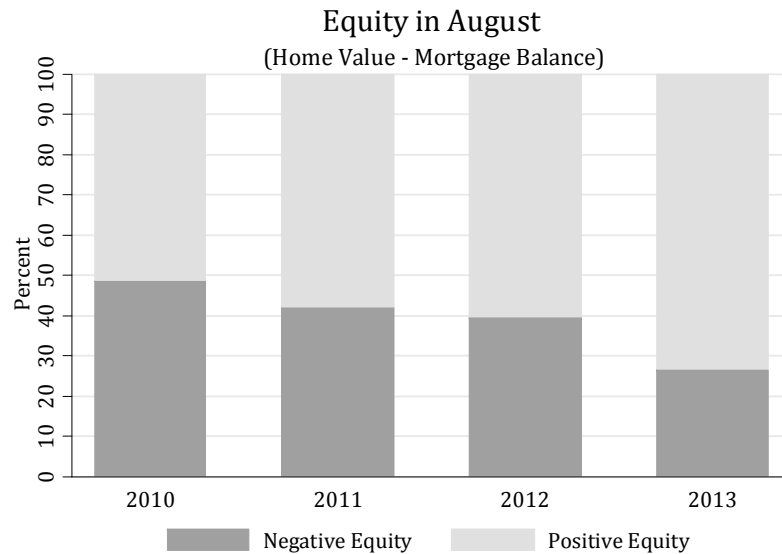
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Rural Trends

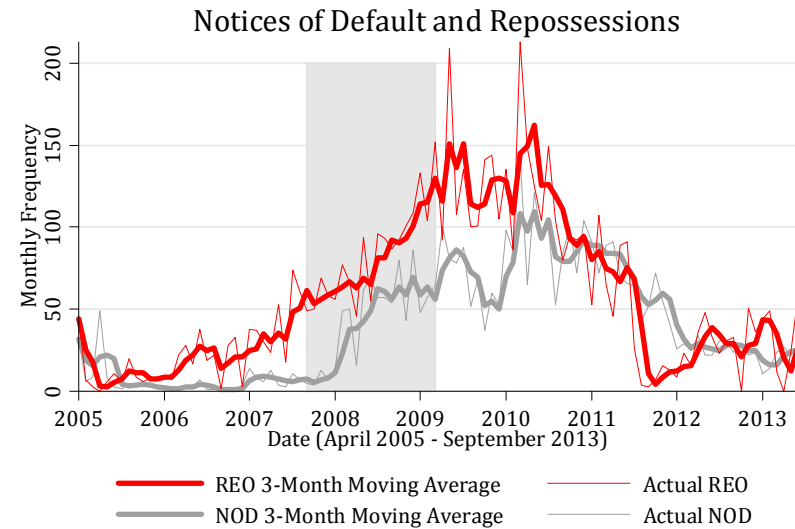


Source: CoreLogic

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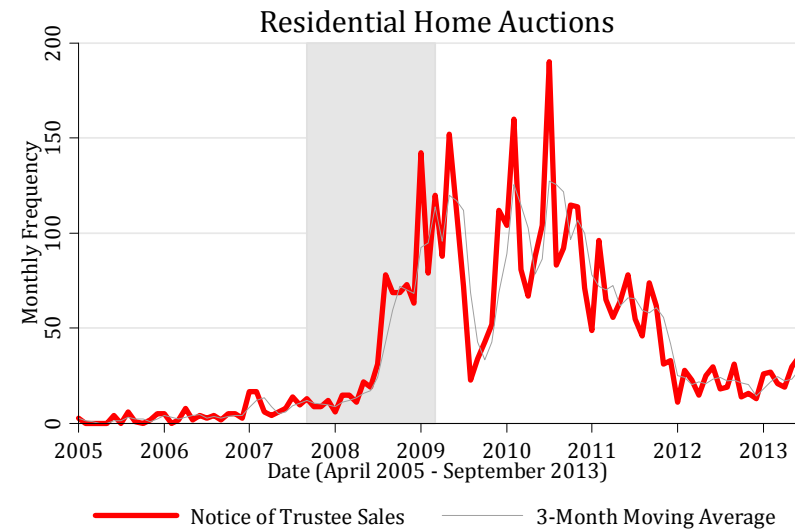


Source: CoreLogic



Source: RealtyTrac

Note: Gray bar represents recession.



Source: RealtyTrac

Note: Gray bar represents recession.

About the Lied Institute

The Lied Institute was established in 1989 by the Lee Business School at the University of Nevada, Las Vegas to foster excellence in real estate education and research. Through partnerships with business and community leaders, the Lied Institute strives to improve the real estate business and effective public policy practices in Southern Nevada. The institute produces relevant and timely real estate research, supports educational programs in real estate economics and finance for students and professionals, and provides community outreach and continuing education.

About the Department of Business & Industry

The Department of Business and Industry is a cabinet level agency in the Nevada State government. The Department's objective is to encourage and promote the development and growth of business and to ensure the legal operation of business in order to protect consumers by maintaining a fair and competitive regulatory environment. The Director's office at Business and Industry manages a number of programs and initiatives to address the needs of small businesses, homeowners and consumers including small business advocacy, bond programs, access to capital, housing retention programs, constituent services and fraud prevention and education.

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